INFORMATION LETTER

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BOARD OF DIRECTORS NAMES ASSOCIATION OFFICERS AND SETS BUDGET FOR 1945 AT WASHINGTON MEETING

By-laws Are Amended and Reports on Committee Work Discussed

At its meeting in Washington on Thursday and Friday, the Board of Directors of the Association elected officers and approved the budget for 1945, amended the Association by-laws, heard and discussed reports from the Planning, Manpower, and Legislative Committees, and the Special Committee on OPA pricing policies, and elected to honorary membership in the Association two former presidents no longer active in the canning industry.

Officers of the Association for 1945 are: President, Fred A. Stare; First Vice President, Fred M. Drew; Second Vice President, Alfred W. Eames; Secretary, Carlos Campbell; Treasurer, Frank E. Gorrell. At his own request the name of Mr. Gorrell was not presented for the office of secretary and the Board meeting marked the end of a service in that capacity, which began when the Association was organized in 1907.

Amendments to the by-laws as proposed by a special committee appointed last Fall to make recommendations with respect to the Association operations and staff were adopted by the Board. They provide for the election of the President and First and Second Vice Presidents by the membership at the annual meeting, and the appointment of the Secretary and the Treasurer by the Board of Directors. They set up definite procedure for elections in event the annual meeting can not be held, as was the case this year, and provide for a subcommittee of the Finance Committee to act on fiscal matters. It is planned to publish the by-laws as amended to the membership in the near future.

The 1945 budget provides for two new projects—sanitation studies and surveys and an economic study on profit cycles in the canning industry.

The committee reports reviewed the activities of the respective committees and the problems upon which further work is to be done. Discussion of these problems by members of the Board served to bring out facts and views that will be helpful to the committees in carrying on their work.

The Board approved two amendments to the Retirement Plan which had been recommended by the Trustees of the Retirement Fund in their report to the Board and which had also been approved by the Internal Revenue Bureau.

Charles S. Crary, of Waukesha, Wisconsin, second president of the Association, who served in 1908 and 1909, and Richard Dickinson, of Eureka, Illinois, ninth president, who served in 1916, were elected honorary members of the Association.

On behalf of his fellow officers and members of the Board, President-elect Stare presented Mr. Haxton a desk clock as a token of their personal regard and their appreciation of the faithful, efficient service he had given during his term of office.

The Administrative Council met at Washington on March 15 and 16, at which time it prepared the budget for 1945 to be recommended to the Board of Directors and received and discussed reports from various committees.

CONGRESS TO INVESTIGATE REPORTED FOOD SHORTAGE

Manpower and CCC Extension Bills Still in Conference

The growing concern of Congress over reports of a serious food shortage, which resulted in action on several proposed inquiries, and consideration of appropriation bills for various government departments were the highlights on Capitol Hill this week. Meanwhile conferees of the two chambers continued to try to reach an agreement on the manpower bill (H. R. 1752), and the Commodity Credit bills (H. R. 2023 and S. 298).

An agricultural inquiry, S. Res. 92, proposed by Senator Thomas of the Senate Agriculture Committee and similar to the Flannagan study in the House, was approved by the Senate on Monday. The committee was given $5,000 and Senators Wheeler, Stewart, Aiken and Bushfield were appointed to the committee.

The House Rules committee reported favorably on Wednesday the bill, (H.

(Concluded on page 8567)

Canners' Certification Urged for Four Major Vegetables

The War Food Administration has suggested that canners of snap beans, green peas, sweet corn, and tomatoes who intend to participate in the proposed 1945 price support and subsidy programs should make themselves eligible for certification on all four of these vegetables (or on as many as they plan to pack) while currently engaged in contracting for acreage for this year's production.

While the 1945 programs still are only tentative, the subsidy program, if authorized by Congress, will require that canners be certified on *all* of the four commodities represented in their packs in order to be eligible for payment on any one commodity. They may participate in the proposed price support program, however, if they are certified for the individual commodity or commodities for which they expect to receive benefits.

Certification is made by the Agricultural Conservation Committee in each State and, in accordance with instructions previously announced, any canner may qualify by presenting satisfactory evidence that he has contracted with growers for vegetables at not less than the minimum support prices established by the WFA.

1945 Canner Support Program

Formal announcement of the 1945 price support program for canned fruits and vegetables was made March 23 by the War Food Administration. This program will apply to canned corn, peas, tomatoes, snap beans, and tomato juice. The support of the civilian portion of the pack will be essentially the same as it was for 1944 which is 86.4 per cent of the canner's individual gross ceiling prices but not to exceed that percentage of the mid-point of the gross maximum price range for each area. The WFA offer with respect to 90 per cent of the set-aside portion of the canner's pack is to fix a floor support price at the full weighted average Army contract price for each individual canner. (See INFORMATION LETTERS for February 9 and 17.)

BOWLES GIVES TESTIMONY ON QUALITY DETERIORATION

OPA Administrator Also Discusses Standards and Labeling

Quality deterioration and announcement of a policy to make known maximum prices on all agricultural commodities in advance of the production season were the principal topics of interest to the canner when Chester Bowles, Administrator of the Office of Price Administration, appeared before the Senate Banking and Currency committee this week in final rebuttal to proposals of the coal, meat, real estate and cotton textile interests.

Mr. Bowles said that Senator Butler had advised him he was considering an amendment to S. J. Res. 30, extending the OPA authority for 18 months, which would require notice of maximum prices for all agricultural commodities be given 15 days in advance of the production season and prohibit any reduction in those prices during the course of the season.

Recognizing that such notice should be given to the fullest extent consistent with the practical requirements of price administration, Mr. Bowles said he had directed that the following policy should be put into effect. Hereafter, OPA will not establish or lower the maximum prices of an agricultural commodity during its production season except in two types of situations:

First, where, after the beginning of the season, substantial changes in economic conditions occur, which require action under the stabilization policy which Congress and the President have established, and

Second, where, under that policy, minor price readjustments are necessary to meet special situations which could not reasonably have been foreseen. In every case in which a question arises as to the need for action after the start of a production season, OPA, in line with its policy, will consult promptly and fully with representatives of the groups affected before the action is taken.

On quality deterioration Mr. Bowles said:

One of the most noteworthy features of the testimony [presented at earlier hearings] was the frequency and the conviction with which consumer representatives protested quality deterioration and other forms of hidden price increases.

I called this problem to the Committee's attention in my opening testimony. In the light of all that has been said in the hearings, the Committee will no doubt want to give the problem its most careful consideration, as I intend to do in studying means of improving our administration. A brief review of the principal provisions of the present law may be of aid to the Committee in this connection.

The original price control act gave the Price Administrator broad authority to prevent circumvention and evasion of price regulations and to regulate or prohibit practices which were found to be the equivalent of price increases. This authority is now subject to the limitations of Section 2 (j) of the Act.

The first clause of this section provides that nothing in the Act shall be construed as authorizing the elimination or any restriction of the use of trade and brand names. The Committee has heard a good deal of testimony about the practice which has grown up, particularly in the food field, of a repeated changing of brand names. This is an obviously evasive practice which can only be explained as an attempt to secure higher prices than the seller is entitled to under the regulation. The practice cripples enforcement. Consumers have told you how baffling it is to them in trying to find out the right prices for things.

I feel sure that the purpose of Section 2(j) was to protect legitimate and established brand names. It was never designed as a shield to cover fly-by-night brands which have no merchandising function whatsoever and serve only as a device for weakening or evading price control. My legal staff, however, are uncertain whether the evident purpose of the section can be relied upon as limiting its language. I hope that the Committee will think it proper to clarify this question in its report.

The second clause of the section forbids the Administrator to require the grade labeling of any commodity. This provision is a definite handicap to OPA in the enforcement of price regulations.

It is my personal belief that, as so often happens on highly controversial issues, much of the industry's objection to grade labeling is based on emotions rather than upon a thoughtful appraisal of the long-range interests of business. As I understand it, the Canadian experience with grade labeling has been generally satisfactory to industry as well as to the public. The promotion of nationally known brands has not been weakened but has, on the contrary, been aided. Nevertheless, I recognize the fact that for most commodities grade labeling is not indispensable to effective price control. In view of this and in view of the firm stand of Congress on the subject in the past, I have decided not to ask the Committee to modify the present law.

The third and fourth clauses of Section 2 (j) deal with the use of standards or specifications in describing commodities in price regulations—as distinguished from the labeling of the grade on the commodity. These clauses permit standards or specifications to be used if they have been in general use in the trade or industry affected or have been promulgated and their use lawfully required by another government agency, or if the Administrator finds that there is no practicable alternative for securing effective price control of the commodity. These provisions do not handicap price control.

As I have told the Committee, however, a rider to the present OPA appropriation has been construed by the Comptroller General as prohibiting any use whatever of the established United States Standards for processed fruits and vegetables in connection with the pricing of those vital cost-of-living commodities. This prohibition applies regardless of the requirements of effective price control and regardless of the Administrator's finding that the United States Standards have in fact been in general use in the canning industry. Indeed, the prohibition was said to apply even though the proposed regulation provided that, if there appeared to be any material difference between the established commercial understanding of a claimed grade and the United States Standards for that grade, the commercial understanding should control.

This rider in the appropriation act is a serious limitation on our ability to control inflation. I urge the Committee with all the earnestness that I can to restore the general provisions of the law and apply the same rules to canned fruits and vegetables as to all other commodities.

In conclusion Mr. Bowles discussed the extension of coverage of the OPA Act to other industries and mentioned the increases in prices of motion picture admissions, and barber shop and beauty parlor charges.

Army Wants More Pro-coating

The War Department has announced that canners wil be asked to pro-coat 24,000,000 cases of canned fruits and 65,000,000 cases of canned vegetables for overseas shipment to the armed forces, this year. Approximately 40,000,000 cases of canned foods were pro-coated last year.

Florida Canners Get "A" Award

Six Florida canners will be presented with the War Food Administration achievement "A" awards at ceremonies being arranged for individual plants. The awards are being made to the following plants in recognition of outstanding performance in the processing of food: Hills Brothers Co., Bartow; William P. McDonald Corp., Auburndale; Dr. P. Phillips Canning Co., Inc., Orlando; Plymouth Citrus Growers Assoc., Plymouth; Polk Packing Assoc., Winter Haven; and Stokely Bros. and Co., Inc., Tampa.

WFA Eases Poultry Order as an Aid to Small Eviscerators

By amending War Food Order 125, the War Food Administration has eased certain restrictions so that they no longer apply to eviscerators (chiefly retail butchers) processing a total of 3,000 pounds or less of chickens and turkeys each calendar week, provided that such poultry is preserved solely by refrigeration. The amendments to WFO 125 do not release poultry canners from the requirement of setting aside 100 per cent of their production for government purchase.

Order restrictions for eviscerators processing more than 3,000 but less than 10,000 pounds each calendar week also have been removed. Such eviscerators normally supplying retail butchers are required to establish quotas based on their average weekly production of eviscerated chickens and turkeys in 1944. Through the amendment they are relieved from set-aside restrictions so long as they do not exceed their respective quotas. The poultry they process, however, must be preserved solely by refrigeration.

Eviscerators producing more than 10,000 pounds in any week must be authorized by the Order Administrator, and must set aside that percentage of their production designated by the Director of the Office of Marketing Services of WFA. The percentage designated by the Director in WFO 125.1 is 100 per cent. These eviscerators, however, may withhold 10,000 pounds of any week's production, exclusive of the quantity set aside, for disposal without restriction into civilian trade channels, but they may not preserve it by methods other than refrigeration.

The amendment also relieves cold storage warehousemen holding poultry owned by others from the responsibility of deliveries under the order.

The original order, effective February 14, required all authorized poultry eviscerators to set aside 100 per cent of the quantity of chickens and turkeys they processed, to be canned or otherwise processed for government purchase.

Civilian Meat Supply Short

The civilian meat supply during the next three months is expected to be at the lowest point within 10 years, the War Food Administration said in announcing a reduction of 12 per cent in the civilian meat allocation for the months of April, May, and June. The civilian allocation for this period is expected to be about 3,793,000,000 pounds.

Simultaneously, WFA stated that second quarter meat allocations allow for increased supplies for U. S. military uses and substantial reductions in supplies for Lend-lease shipments. The only supplies to be made available for Lend-lease during the second quarter are 325,000,000 pounds which will consist mostly of canned tushonka for the Russian army.

Total supplies, which are 6 per cent lower than during the first quarter, will continue to be short, WFA stated, and no substantial improvement can be expected before the fall months when livestock marketing seasonally increases. The end of the war in Europe, officials stated, will not materially affect the meat situation, and will result neither in lighter military demands nor in increased civilian supplies.

Surplus Property Board Bans Reimportation of Surpluses

The Surplus Property Board has recently acted to carry out the policy of the Surplus Property Act to limit reimportation of surplus commodities sold abroad or for export. This action was taken in Temporary Regulation A of the Board which specifically covers surplus canned foods.

The Board and the War Food Administrator are jointly responsible for policies for disposition of surplus foods. Pending issuance of subsequent regulations by the Board and the War Food Administrator, surplus canned foods are to be disposed of in accordance with the policies set out in the Board's regulation.

Temporary Regulation A provides that sales of surplus property abroad shall be made on condition that the property will not be reimported into the United States. Sales however to the American producer of the surplus property or to a person in the United States who will recondition the property for reexport are excepted from this requirement. Sales to members of the armed forces for personal use are also excepted.

Technical problems of enforcement of this policy are left unanswered by Temporary Regulation A but it may be that these problems will be solved by modifications of customs regulations or by utilization of surplus for foreign relief needs.

WFA Canned Fish Offer Form

The War Food Administration has announced an amendment to its offer of sale form for canned sea herring and canned Maine sardines and, at the same time, notified canners of these commodities that if offer forms have not been submitted, the canner may insert after the colon in the first paragraph of Offer Form PBO-401 the words "and Amendment Number 1 hereto."

If offer forms have been submitted a statement that the offer is subject to Amendment Number 1 to Offer Form PBO-401 must be submitted to Contract Development Section, Procurement and Price Support Branch, Office of Supply (CCC), War Food Administration, Washington 25, D. C. No contract will be entered into unless this Amendment is incorporated, the WFA said. Text of the Amendment follows:

It is understood and agreed that this offer covers the sale of canned sea herring and canned Maine sardines to CCC which are packed during the period beginning April 1, 1945, and ending March 31, 1946.

In Paragraph 1, Prices sub-paragraph (a) the can size 48/200 should read "48/300."

In Paragraph 3, Specifications subparagraph (a) the third sentence should read "In round cans the length of the fish shall be packed parallel to the side of the can but the can may contain not more than two pieces of the tail-cut of the fish."

War Labor Board Applications on Substandard Wage Increases

It will be recalled that the National War Labor Board recently authorized its regional boards to determine what rate or rates up to 55 cents an hour constitute a substandard wage or salary rate for the purpose of permitting adjustments up to these minimum standards. (See INFORMATION LETTER for March 3, 1945.)

Numerous inquiries have raised the question whether applications for wage increases to the proposed substandard minimum to be set by the regional boards should indicate that the granting of the requested increase will result in a request for a ceiling price increase.

Canners should note that the minimum substandard wage may be set by different regional boards at different levels up to 55 cents an hour. Whether a canner would be able to absorb any increased cost resulting from the granting of the application for a wage increase and the setting of a higher substandard wage will depend, of course, largely upon the facts of the particular canner's operation and the level at which the substandard wage is fixed.

If a canner doubts his ability to absorb these increased wages without an increase in the ceiling prices, it would seem appropriate to indicate on the application that granting of the wage application will be accompanied with a request for a higher ceiling price.

TEXT OF SPECIAL ADVISORY SUBCOMMITTEE REPORT TO OPA ON INDUSTRY'S VIEWS AND RECOMMENDATIONS

The Canning Industry Advisory Committee has made available the text of a report and recommendations filed with the Office of Price Administration about a month ago by a specially constituted temporary subcommittee, consisting of Fred A. Stare, Chairman, Alfred W. Eames, and Howard T. Cumming, which was appointed to present the industry's views and recommendations concerning the announced tentative 1945 pricing program of OPA. It is stated that this subcommittee report has been approved by a majority of the Industry Advisory Committee. OPA has not announced a reply to the recommendations submitted. The text of the report and recommendations is published for the information of the industry.

Introduction

On January 15, 1945, the Office of Price Administration presented to the Canned Fruit and Vegetable Industry Advisory Committee of OPA an outline of a proposed 1945 pricing method which OPA had under consideration. At that time a Processors' Conference of the industry was scheduled to be held in Chicago, Illinois, on February 4-6, 1945, at which OPA planned to discuss with the industry its proposed 1945 tentative pricing program. Because of a governmental request that such meetings not be held, this Processors' Conference was postponed, and the planned discussion with a large aggregation of processors could not be held. Instead, OPA announced its still tentative 1945 pricing plans on February 4th to the Planning Committee of the National Canners Association, and this announcement was immediately disseminated to the entire industry. On the basis of comment at and since the January 15th and February 4th meetings, the Chairman of the Industry Advisory Committee has appointed a subcommittee to present the industry's views and recommendation to the OPA. This report and recommendation is submitted by that subcommittee.

It is being forwarded to the Administrator at this time, pending a meeting of the full advisory committee, for several reasons. The critical need for maximum production of canned fruits and vegetables this year makes it essential that a definitive statement of pricing plans be made as early as possible, and as close to the February 13th date achieved in 1944 as will be feasible. This report by a geographically representative subcommittee is believed to reflect the views of the industry. It is appreciated that the formal procedural rules require that the full Industry Advisory Committee act only in full meeting, but under present travel conditions considerable delay will result if presentation has to await such meeting of the full committee now scattered from coast to coast. Moreover, the full committee met on January 15, 1945, and an immediate further meeting would be something of a hardship. This report, however, is being circulated to the full committee, and any additional comments and suggestions which are received will be transmitted to OPA.

1. The Announced Tentative 1945 Pricing Program

Our comments are directed to one fundamental point in the announced OPA program: The proposal to change the basis for pricing from that used in 1944 and set forth in the OES Directive 25 of April 6, 1944.

OPA has announced that, with minor adjustments of areas, can sizes, some ribbon inequalities, etc., "generally speaking 1944 ceiling prices will remain in effect during 1945 even though some raw material or labor rate increases are approved."

It has been made clear that if through government action in 1945 the cost of raw materials is increased, or by like government action labor costs are increased by the National War Labor Board, these increases are not to be reflected in 1945 ceiling prices except pursuant to certain limited and difficult procedural adjustments.

The reason for this proposal was stated by Mr. Phelps:

"We propose to maintain 1945 ceilings at the general level now in existence on the premise that the present level of prices now in effect for the industry as a whole is generally fair and equitable, and that these prices take into account the need for supply. This is so because these prices were established last year with that same need for supply in mind, and because it does not appear that conditions within the industry or from the standpoint of supply have changed substantially."

It is respectfully submitted, and will be shown below, that the second of these stated reasons is founded on certain unwarranted assumptions, and that no reason exists for changing the 1944 pricing basis.

Mr. Geoffrey Baker, Director of the Food Price Division, put the reasons for the change in the basis for pricing in the following words:

"You all must know, and I would be amazed if you did not have a pretty accurate idea, of the profit position of this industry. You know that this profit position is way above the minimum industry earnings standard. We intended it to be above. We put it that way. Our attitude this year is going to be tougher and tighter than it was last year. We recognize that it may not be as favorable to the industry. You will not have as good growing conditions, not as large a pack, labor will be less efficient, labor wage rates may increase, and so forth.

"We intend to give you less profit this year than last. We believe that you have—as compared to this minimum industry earning standard—so much more money, which we intended you to get, that you don't have to worry about reaching a level of profits which will be below the level called for in the industry earnings standard."

We do not question the soundness of continuing the 1944 ceiling prices together with the minor adjustments outlined by Mr. Phelps. Likewise, we believe that Mr. Baker is on sound ground in recognizing that the hazards of growing conditions, the aggravated inefficiencies of what labor will be available, and the other factors of risk inherent in the canning industry, will continue to rest with the industry, and that there is every likelihood that conditions in 1945 will be more difficult than in 1944. Our sole point is this: That if *by government action* either raw material or labor costs are increased in 1945 over 1944, the principles of the Directive of April 6, 1944, should be applied to reflect these governmentally caused increases in like fashion for all to whom such raw material and labor increases will apply. We believe that the sound reasons which supported the issuance of this Directive in 1944 still exist, perhaps in more acute form, in 1945. It is our considered opinion that because this is true, the production goals set by the Government for the canned fruit and vegetable industry for 1945 will not be reached if the OPA pricing program for 1945 as tentatively outlined by OPA is put into effect.

In order to make this clear we may review briefly the pricing principles evolved by OPA in 1944 after full study. These principles are contained in OES Directive 25, issued and effective April 6, 1944. This Directive authorized OPA to establish prices for the 1944 pack that would include (1) a 1941 base price, to which would be added (2) "an adjustment factor to cover changes in costs since 1941." This adjustment factor was to be modified to insure "normal profits" for the industry as a whole. Normal profits were defined in the Directive to mean "the weighted average percentage of net profits before taxes to sales for the fiscal years most nearly corresponding to the pack years 1940 and 1941."

This basis of normal profits, as defined in the Directive and employed in pricing according to the method specified, was found by the Director of Economic Stabilization to be necessary in order "to effect the purposes of the Emergency Price Control Act of 1942, as amended, and Executive Orders Nos. 9250 and 9328, the 'Hold-the-Line Order.'"

This concept of normal profits for the canning industry was developed by OPA after considerable study and after having concluded the need for produc-

tion and the characteristics of the industry required a departure from the concept of normal profits as used in the then general OPA pricing policies. It differs from the OPA general earnings standard, first, in that it is based on the average of 1940-41 rather than 1936-1939, and, secondly, in that it is expressed in terms of per cent of sales before taxes rather than a per cent of net worth.

Mr. Jean Carroll, speaking for the Office of Price Administration, at the meeting of the canning industry at Chicago, February 13, 1944, stated:

"As I indicated earlier, the years 1936 to 1939 form our official base period. . . . The canning industry has represented to us that it does not consider the years 1936 to 1939 as being normal years. We have made a preliminary study of the annual profits of the industry and are convinced that we would be unfair if we used our usual base period. . . . Therefore, we are shifting from our usual base period and will use the 1940 and 1941 crop years as our base for this industry."

It is evident that OPA changed the base to 1940-1941 after a study of earnings in the industry revealed the fact that the 1936-1939 base was unfair for this industry.

The OPA officials in recommending this standard to the Director of Economic Stabilization recognized the peculiar problems of a seasonal industry and recommended the use of a per cent earnings on sales rather than on net worth. At the time this recommendation was made for 1944, Mr. Carroll, in his Chicago speech, undoubtedly expressed the views of the OPA officials when he said, "We estimate the average net profit for the crop years of 1940 and 1941 will be between 7½ and 8½ per cent." He pointed out further,

"If we held this industry to its profits as of our usual 1936-1939 base years it would mean about 3 per cent net, but by making the shift in base period, we are allowing you more than twice as much. This is in excess of the minimum required by law and, therefore, has been established on the grounds of encouraging production of products needed in the war effort."

Thus it can be seen that both the OPA officials and the Office of Economic Stabilization considered a net profit on sales before taxes of 8 per cent as necessary in 1944 to "encourage production of products needed in the war effort." Actually the industry earnings studies when completed by OPA revealed an average profit of only 6.9 per cent for the two years. Thus the industry earnings standard for 1944 was 1.1 per cent less than that which the OPA officials and the Office of Economic Stabilization considered and announced in February necessary to encourage production.

It was made perfectly clear that the percentage of net return on sales ultimately used in calculating prices was based, not on 1944 sales values, but on 1941 unit sales values. Moreover, by application of the ribbon theory, in the case of a great many canners this 1941 base was substantially rolled back. Likewise, the risk of a short pack, low yields, and other hazards, was left with the industry. The entire scheme, in the words of Mr. Carroll, was "based on the assumption of a normal pack. If nature should decree a low pack . . . it could mean a low net return for the industry. On the other hand, a big pack could return to you a profit much in excess of the one which we are planning. We therefore believe that you, as an industry, are justified in going all out for maximum production."

The industry earnings standard thus developed was adapted to the seasonal character of the canning industry, reasonably took care of its widespread operations and of it many products on an industry-wide basis, permitted production goals to be realized to the extent that crop conditions would allow, and yet left with the processor the risk of weather, yield, and other hazards. The method recognized and provided that increases in costs due to government action were to be reflected in price to the extent that they would permit on an industry-wide basis the specified return on sales based on a normal pack. These principles, determined to be necessary to secure production goals, were incorporated as an industry earnings standard in the Vinson Directive of April 6, 1944, which was issued almost simultaneously with Mr. Brownlee's presentation to Congress on April 14, 1944, of OPA pricing policies.

2. The Proposed Change in Pricing Basis for 1945

OPA now proposes to continue for 1945 the price ceilings thus developed in 1944, but takes the position that if any further increases in raw material or labor cost are caused by government action, these cannot be reflected in price because the industry earnings standard developed in 1944 cannot be continued for 1945. (Certain possibilities of relief under the so-called product standard adjustment or on some undeveloped individual adjustment basis are held out, but for reasons discussed below these may be regarded as realistically unavailable.) The bases on which OPA proposed to jettison to this extent the carefully worked out 1944 pricing method are not wholly clear, but three possibly inconsistent reasons have been offered.

(a) The first is that "it does not appear that conditions within the industry or from the standpoint of supply have changed substantially." This statement seems to cover both the supply prospects and packing costs. As to supply, the assumption seems to be that since in 1944 the industry as a whole, though not as to all products, produced approximately the Government goals, it will automatically do so in 1945. Every lesson of experience is to the contrary. Unless the most strenuous efforts are made to stimulate production, the normal expectation is that after a sequence of good crops, a poor year is likely, if not inevitable. Prospective labor conditions for 1945 are worse than in any previous war year. Large numbers of German prisoners of war and of imported workers will not be available. To the extent that additional volunteer or casual workers may be recruited, both inefficiency and lower yield per unit of raw material are anticipated. Thus if the same or larger acreages are contracted, the risk of loss through inability to process becomes more acute. While it is not possible at this time precisely to evaluate all of the hazards for 1945, it seems patent to those experienced in the industry that if the same level of production is to be achieved, larger acreages must be sought by canners and correspondingly greater risks incurred.

Production goals for 1945, however, are larger than the actual production of many of the important products in 1944. Government requirements have substantially increased both overall and for many products, leaving correspondingly less supplies available for civilian distribution. It has been announced that the armed services will require at least seven million cases more than they took from the 1944 pack. In terms of production, the industry has a bigger job to do in 1945 than it had in 1944.

(b) Any assumption that, even without further government approved increases in raw material or labor, costs of packing in 1945 will be the same and not greater than in 1944, is wholly unwarranted. As previously noted, every criteria of experience indicates the probability of smaller crop outturn per acre in many areas, smaller volume per cannery, and lower yields per unit of raw material. Labor shortages and aggravated inefficiencies appear certain. These probabilities were recognized by Mr. Baker.

We do not say they will all occur. We hope that many of them will not—even though experience makes this hope unlikely to be realized. But what is clear is the absence of any basis for assuming that—even in the absence of further raw material or labor increases by government action—crop conditions and packing costs will be more favorable, rather than less favorable, in 1945 than they were in 1944. No canner can intelligently assume they will be the same. None has any basis for thinking they will be better.

(c) Ultimately, the OPA reason for changing the 1944 pricing basis comes down to the *feeling*, candidly expressed, that the total number of dollars made by the industry on an overall basis on its 1944 pack was sufficient to require it to absorb all increased 1945 costs, *including any further 1945 raw material and labor increases caused by government action*. This is evidenced by the frank statements, in discussion of the program, that OPA wants to get away

from the industry earnings standard set forth in Directive 25 and to substitute some other concept of return on investment, although on what base period is not clear. It is also shown by the admission of OPA officials that because of the character of the industry, if by government action in 1945 raw material costs or labor costs are further increased, the use of any industry earnings standard method of price adjustment (other than that in Directive 25) would be "practically impossible." Likewise, OPA officials recognize that year to year conditions are highly variable. In short, in the event of 1945 raw material or labor cost increases by government action, it is admitted that except in those few instances where the limited product standard adjustment may be possible, the industry is to absorb such increases and the 1944 pricing principles are to be abandoned.

In the first place, there can be no question that any assumption as to what the industry can or cannot absorb is a speculation. OPA has made no overall study of the industry. Indeed, OPA has made no determination as to whether the so-called target earnings of 6.9 per cent of 1941 unit sales values "on a normal pack" basis were made. (Whether this kind of hindsight adjusted determination would seem anything as to 1945 is considered below.) Basically, OPA is seeking to change the 1944 directive because the primary objective of that directive was realized—the overall volume of pack was larger in that year than in 1941.

Secondly, it can hardly be disputed that in view of excess-profits taxes any earnings in 1944 in excess of peacetime earnings, according to tax law standards, cannot be retained to absorb increased costs in 1945. The assumption must be that 1944 prices projected into 1945 will permit the industry to earn enough to absorb further increases through government action.

Third, this assumption is wrong. It is not sound to project an estimate of earnings on price alone. The rate of profit actually earned in any given year depends not alone upon the level of prices at which the pack is sold, but also upon the cost of packing and the latter is influenced materially by the size of the pack over which the canner has only partial control. The 1944 experience of the canning industry cannot be used as a criterion of probable earnings in 1945 unless certain adjustments are made. For example, the pack of canned fruits and vegetables in 1944 was approximately 20 per cent larger than during the 1940-1941 base period. The fruit pack in 1944 was 15 per cent larger than in 1940-1941 and the canned vegetable pack was 25 per cent larger than during the base period. It is recognized that unit costs of packing tend to decline as packs increase. Thus to the extent the larger packs of 1944 decreased the unit costs of packing below what they would have been had the pack been equal to the base period, the profits realized per unit tended to increase. The fact was recognized at the time the industry earnings standard in Directive 25 was promulgated and was not to be considered as exceeding the standard, or in other words, the 6.9 per cent industry earnings standard was based on the conditions as they existed in 1940-1941 with respect to unit costs and unit prices.

In 1944 the base price (1941 price adjusted to a price that would yield the average unit earnigs of 1940-1941) was increased by an amount equal to the increased costs of packing from 1941 to 1943, inclusive. No profit was allowed on this increase. Thus the rate of profit which the 1944 prices was to have allowed on 1944 unit sales value was necessarily very considerably less than the 6.9 per cent.

If the rate of earnings on 1944 unit sales value was higher than OPA calculated it should be, when pricing under Directive No. 25, it was because the pack was larger. If the pack had been smaller the profit per unit on 1944 sales would have been smaller. Since the earnings target is based on a pack equal to the average of 1940-1941 it cannot be stated that the target has been missed because profits are higher or lower than the target solely because packs were larger or smaller than the base pack.

Whether industry earnings coincided with the target set up for 1944 cannot be determined in terms of the 1944 sales. It can only be expressed in terms of the base period conditions. To express it in terms of the 1944 experience would necessitate evaluating the effect of the larger pack in 1944 on the corresponding reduction in unit costs and determining the extent to which this reduction was offset by the increase in price permitted to cover increased costs. This OPA has not done. And, as admitted by OPA representatives in discussions with the industry, it would prove nothing as to conditions which may prevail in 1945.

Fourth, while it is impossible at this time precisely to evaluate most, if not all, of the conditions which will prevail in 1945, what evidence is available indicates that if raw material costs or labor costs are increased by governmental action, processors in many areas will be subjected to serious loss. Even under 1944 conditions, it is reported that for a number of products, or for particular canneries in a number of areas, operations on a particular product or overall operations in the particular plant resulted in substantial loss. In the event that smaller crops or labor shortages materially curtail the packs, the loading on of further raw material or labor costs resulting from government action may of itself mean the difference between operations in the red or in the black. Discussion with processors leads to the belief that they are prepared to face the increased creeping costs which appear to be inevitable in 1945, even if raw material and labor rates are not changed. Necessarily, they continue to bear the risks of crop hazards. They cannot assume the further hazard, over which they have no control, that government action will result in higher raw material or labor costs. If they are to run the risks inherent in holding the present price line, they may fairly ask that if the Government by its own action breaks it elsewhere, it does not do so at their expense or inequitably among them.

Processors appreciate that control of raw material prices and wage adjustments are not the responsibility of OPA. As a matter of realism few can be induced to rely upon OPA assurances that it is proposing to take the position that any increases in raw material or labor costs by government action "should be held to the absolute minimum consistent with the need for production or supply." Fruit and vegetable processors are aware of current attacks upon the "Little Steel formula." They know, too, of statutory proposals to fix as a so-called substandard wage an hourly rate well in excess of that paid in many areas during 1944—which action if taken by the Government would substantially increase 1945 packing costs in these areas.

At the same time both growers and canners are not wholly immune from the current optimism concerning the European war, nor are the latter particularly anxious to contract for raw material which because of later government action they can accept and pack only at a loss. Without going into extensive detail, those familiar with the industry clearly will appreciate the dual possibility of hundreds of individual processors preferring to contract for smaller crops of those products which, although needed for the war effort, involve less danger through labor cost increases, and of the shifting of raw material from one product to another requiring less labor to produce. It is the subcommittee's considered opinion that the final announcement that the OPA has shifted from its 1944 pricing principles and that, as a practical matter, any further increases in raw material or labor costs resulting from government action will fall upon the processor, or fall unevenly among processors if a product standard adjustment could be made, will necessarily thwart the achievement of 1945 production goals.

The subcommittee further believes that it should be made clear that any increases in cost of raw material or labor, caused by government action, will be reflected in the OPA price or in any subsidy on an equal basis. The experience of the industry in 1943 and 1944 on this point cannot be forgotten. A formal OPA undertaking in 1943 to reflect such cost increases in civilian ceiling prices was converted in that year into a "hardship provision" which offered only belated, partial relief subject to a whole series of new conditions. Similarly, in 1944 additional limitations, not applicable to others in

the industry or to any other industry, were applied to certain areas in the directed subsidy to cover labor cost-increases retroactively ordered by the NWLB. If the Government is to require processors to look to a subsidy rather than to the sales price for their return, there is no basis for applying against any such 1945 increases any different theory than is applied generally in industry pricing. If full production is to be secured, it must be clearly stated that any such cost increases caused by government action in 1945 will be included in the gross maximum price and that as to any subsidized product there will be an unconditional subsidy measured by the difference between such gross maximum price and the civilian ceiling price established by OPA.

3. Proposed Adjustments

The subcommittee is also of the opinion that the announced procedural adjustments which might be made would be both inadequate and untimely. OPA officials have stated that, if by government action either raw material or labor costs are increased, price adjustments will be made only (1) through applying some changed industry earnings standard different from that set forth in Directive 25; (2) through use of the product standard for some products, or (3) under some type of revised individual adjustment provision not yet wholly worked out.

Discussion made it clear that OPA had no expectation of using its changed industry earnings standard. It was admitted that the burden of getting any such adjustment would be "impossible" for any canner or group of canners to sustain. In addition, it was granted that any study as to target earnings on sales in 1944, on some assumed "normal pack" would be irrelevant to any question of 1945 packing costs. For any realistic approach, both OPA and industry representatives agreed this first suggested remedy was academic in the event 1945 costs were increased by government action.

As to the product standard adjustment, it was made clear that this would apply only to total costs at the bulk line cost level. Since the underlying assumption of proper industry-wide earnings applied to all products—that is, to all vegetables and all fruits packed throughout forty-four States—even the most timely use of the product standard adjustment could mean that a one or two product packer in a particular area would get only total cost and no profit. And if he were a higher cost producer than the average or bulk line cost in the area, he might even after such adjustment be wholly in the red. In short, the product standard adjustment is fundamentally unfair as applied to an increase in raw material or labor costs resulting from government action in a particular area. Such increase applies to all in the area. Fundamentally, their historical price relationships are established. Yet by application of the product standard adjustment, the lower cost producers are given the maximum adjustment, and the higher cost, usually the marginal processor, given no relief at all though he has the same amount of cost increase and his production is needed.

More important is the question of procedure and timing. Certainly no single processor will be in a position to support a petition for amendment under the product standard adjustment with the information OPA needs for such adjustment. And as to early season packs, it may be impossible to furnish all necessary items of cost until much later in the packing year. Canners in many cases are not well enough financed to hold their packs, and most certainly the armed services cannot wait.

Instead of determining for the area affected the amount represented by the raw material or labor increase put into effect by the Government and permitting such amount to be added to the price, the product standard adjustment will be complicated, will require data which in a seasonal packing industry cannot be available at the time, and will by its very terms cut off a group of higher cost producers. These will be the marginal producers whose effort is essential for maximum production.

Similarly, no confidence now exists in the prospect of individual adjustment. Under Supplement 7 this has no application to the major products now priced under Pricing Method No. 1. Even where supposedly applicable, the criterion of a "median price" cuts off even a larger segment of processors than would the use of the product standard. Here again a raw material or labor increase through government action is applicable to all; each processor starts under Directive 25 yet price adjustment is limited to those below the median price. Lastly, relief is based on a percentage return of the lowest group in the industry—on the erroneous assumption that a government raw material or labor increase which puts a processor in the red necessarily means that historically he has been among the least profitable operators.

No agency's reputation can wholly escape its history. With all deference, it must be reported that the history of the lack of action under previously provided adjustment provisions and commitments has unfortunately left the wide impression that hope of timely relief would be illusory. Even if the product standard and individual adjustment method yet to be developed, were wholly adequate—and would give the *same relief* to *all* to whom the government action increasing costs were applicable—they could not and would not be regarded as realistically available.

4. Conclusion and Recommendation

The subcommittee submits the following conclusions and recommendation to the Administrator:

i. The 1941 pricing basis promulgated in Directive 25 was adapted to the seasonal character of the industry, equitably considered its widespread operations and its many products, resulted in the achievement of production goals, and was a generally fair and equitable method of pricing.

ii. No basis exists for any change in this pricing basis and there are no facts to support any OPA assumption as to the ability of the canning industry to absorb any increases in raw material or labor occasioned by future governmental action in 1945, and no present information as to actual cost increases or decreases which will occur in that year.

iii. Required production of canned fruits and vegetables for 1945 is greater than actual production in 1944; the requirements of the armed services are substantially larger; and every reason for encouragement of maximum production which existed in 1944 exists equally, if not to a greater extent, in 1945.

iv. The announcement by OPA of a proposed change in pricing method, and the realistic understanding that increased raw material and labor costs resulting from future government action will have to be absorbed by the industry, will substantially affect the realization of production goals.

Accordingly, the subcommittee recommends to the Administrator specifically that OPA pricing for 1945 should be continued on the same basis as for 1944, as specified in Directive 25, leaving to the industry the risks of weather, crops, yields, and labor shortages and increasing inefficiencies; that if through government action, there are further increases in raw material or labor costs, such costs should be reflected in price; and that such reflection in price should be in the form of an increase in the gross maximum price, with any subsidy believed to be necessary provided unconditionally in an amount equal to the difference between such gross maximum price and the specified civilian ceiling, to the end that the same amount of increase is given to all to whom such government action is applicable in any area or as to any commodity.

OPA Needs Canners' Reports

The Office of Price Administration has asked the Association to urge canners who have not filled in and filed OPA Form No. 633-2116 to file the completed forms in duplicate at once. These reports were due on March 10, OPA said, but as yet many canners have neglected to file them.

Under Amendment 21 to Supplement 7 to FPR 1, canners must file reports, in duplicate, of their prices figured under Pricing Method No. 2. The reports are to be sent to the OPA district office for the area in which the canner's principal place of business is situated.

QUESTIONS ASKED CONCERNING AMENDMENT TO VINSON DIRECTIVE OF JANUARY 11, 1945, ON WAGE INCREASES

The Canning Industry Advisory Committee has just released for publication a series of inquiries directed by Chairman Howard T. Cumming, on January 20, 1945, to Edward F. Phelps, Price Executive for the Office of Price Administration's Food Price Division, concerning the purpose and meaning of Amendment 1 to Directive 25, which was issued on January 11 by the then Director of Economic Stabilization, Fred M. Vinson. The text of this amendment was published in INFORMATION LETTER No. 1019, January 13, 1945, page 8482. It is stated that no reply to these inquiries has as yet been received. The text of the letter follows:

DEAR MR. PHELPS:

Following our discussions yesterday, some of members of the Industry Advisory Committee asked me about the directive which Judge Vinson issued on January 11th covering 1944 wage increases in the Pacific Northwest and in California. There seems to be a great deal of confusion about the meaning of this order and what the OPA and CCC are to do under it. Since this is related to the discussions we had about cost increases, and since the confusion of the Committee seems to be shared by a great many canners who have been trying to understand this order since its publication, I am writing to ask for some clarification. As you know, there is to be a meeting of the Board of Directors and Administrative Council during the first week in February, and I think it is important, if at all possible, that this subject be cleared up prior to that time.

Judge Vinson's order seems to say that as to civilian sales the Commodity Credit Corporation is to absorb increased costs for the 1944 pack, resulting from wage increases, in accordance with certain determinations to be made by OPA. OPA is first to determine what part of the cost increases are allocable to the civilian pack. Next, it is to determine the "*amount necessary to equalize* the percentage of *any* processor's net returns (before taxes) to sales from his fruit and vegetable processing operations during the 1944 season with the *weighted average percentage of net profit* (before taxes) to sales" for 1940-1941 "of a group of processors found by the OPA to be representative of the industry as a whole."

There is a further proviso that any amount by which officers' or owners' salaries have increased by more than 10 per cent of the average 1936-1939 salaries shall be deducted by the CCC from any adjustment.

The questions which are confusing the industry are these:

1. Is the sample or representative group of canners and the weighted average to be used by OPA in applying this order to be the same as the sample or group of 276 companies and the weighted average on which the 1944 industry prices were constructed? We assume that they will be, but this is not altogether clear.

2. Does the order require that the adjustment be made on an individual company basis? Since it talks about "any processor" and refers to salaries, it would seem to do so. But several people have referred to the April 6, 1944, directive on which the 1944 OPA pricing structure was based, and to the various statements made in Chicago last February. The April directive made it clear that the "profit position of individual firms" was not to be considered. Likewise, Mr. Carroll's speech indicated that the pricing method was based "on the assumption of a normal pack." He made it clear that any increased costs resulting from poor packs —as happened in some areas and on some products in 1944—were to be borne by the canner. What he said was this:

"If nature should decree low pack or if you as individual canners do not pack extensively enough, it could mean a low net return for the industry. On the other hand, a big pack could return to you a profit much in excess of the one which we are planning."

In other words, the basic understanding was that the OPA would and did use the overall industry return as a criterion. This was done. The 1941 base period prices were in effect rolled back by deducting an industry-wide profit adjustment from the permitted increase of 1944 prices over 1941 prices. What any canner made under 1944 conditions was to be immaterial.

At last Monday's meeting the Committee was given a copy of Mr. Brownlee's statement on OPA pricing policy. In this he said that he would "consider it profit control if OPA were to set prices of individual firms so as to fix definitely the overall profit of every individual enterprise. This is not necessary for effective price control. This OPA could not legally do, could not physically accomplish—it would as a practical matter be a stupendous undertaking—and has no wish to do."

Many are confused, therefore, about this new directive on 1944 pricing because it seems to direct OPA to do this very thing—to change the overall industry return basis to a fixing of overall profits on overall operations of the individual processor.

3. No one knows what it meant by the order to OPA "to equalize" the percentage of the individual processor's net return on sales of all of his pack of fruits and vegetables to the weighted average return of the sample group of companies for 1940-41. This seems to say that the individual processor is to be equalized to the figure which the OPA found to be the net return on sales during 1940-41. It is doubtful whether this is correct. If it is, it is a change from the original program laid out in Chicago and, according to industry understanding, used in 1944 pricing.

In actual operations in 1944 OPA itself has acted on the assumption that the individual processor's 1944 return is not to be considered. That some would make more than the overall industry percentage and some would make less was taken for granted. In addition, since many canners were in fact required to sell to the Armed Forces at less than their permitted ceilings, the overall industry return, upon which the OPA prices were established, was in all probability not realized. Requests for adjustments because of low packs in many areas were refused by OPA on the basis that only the overall industry return on a normal pack was to be considered. Many canners are completely confused by the apparent inconsistency between what has been done up to this point and the requirement in this last directive that returns be "equalized." And to what level or levels individual returns are to be equalized by OPA is wholly unclear.

We would very much appreciate some explanation of this question in order that it may be made clear to canners. We think this is important since all-out production is again being asked, and any uncertainty as to the fundamental basis for 1945 pricing would be undesirable.

4. What is the purpose and relation to pricing of officer salaries? Many questions are being asked, and much confusion exists, as to the further requirement that the adjustment covering increased costs on civilian production, resulting from approved wage increases since the 1944 prices were computed and established, should be reduced as directed in the order. This matter of salary increases is covered by Treasury Stabilization Regulations and is not a part of pricing. We have been asked why officer or owner salaries should be tied to a percentage over 1936-39. We have also been asked why 10 per cent should be taken when authorized wage increases have aggregated many times that figure. Lastly, where the pricing was done on an over-all industry return basis, it is not only difficult to see how the return of an individual company enters into such pricing; it is also almost impossible to see how the salary of a company officer is relevant. Processors are asking whether this type of limitation has ever been applied as a part of price control to any other group, and, if not, why it is made a part of price control in this instance.

I am sure that you will appreciate that no one can fit this new order into his thinking and planning unless its meaning and purpose are cleared up. In 1943 the OPA commitment to include increased costs, resulting from authorized wage increases, in previously established ceiling prices was substantially repudiated. On its face, this new order as to 1944 appears inconsistent in many

respects with OPA commitments given to the industry to induce maximum 1944 production, although perhaps clarification will remove these inconsistencies. But if confidence for 1945 is to be enlisted, it appears essential that clearing up these questions be done almost immediately and certainly before the time the OPA 1945 program is presented to the industry.

The members of the Advisory Committee have every confidence that OPA will do so. We deeply appreciate your continued efforts in this matter and heartily endorse your expressed intention to get the 1944 pricing program completed and announced in time to permit planning for the desired maximum production.

Inasmuch as Mr. Brownlee discussed this general subject with us, I am taking the liberty of sending a copy of this letter to him.

1944 Fresh Lima Bean Pack

The pack of fresh lima beans in 1944 totaled 1,569,706 actual cases of all sizes of containers, as compared with 1,864,080 cases in 1943, according to figures compiled by the Association's Division of Statistics. Of the total pack, 1,294,804 cases were packed in No. 2 cans, 24 cans to the case, while 234,566 cases were packed in No. 10 cans, 6 cans to the case, and the remaining 40,336 cases were packed in miscellaneous sizes of tin and glass containers. The 1944 pack, as compared with the 1943 pack, by principal States, follows:

States	1943 Actual cases	1944 Actual cases
Maryland	242,735	288,213
Delaware	327,373	265,789
Other Eastern States	344,290	172,323
Mich., Wisc., Ill., Ind.	651,419	617,815
Other Western States	298,263	225,566
Total	1,864,080	1,569,706

Canned Tomato Juice Stocks

Civilian stocks of canned tomato juice, canned tomato cocktail, and mixtures containing 70 per cent or more tomato juice, in canners' hands March 1, 1945, were 3,004,744 actual cases, equivalent to 3,406,000 cases basis No. 2's, according to the Association's Division of Statistics. These compare with March 1, 1944, civilian stocks of 2,918,000 cases of canned tomato juice, and 854,000 cases of other canned vegetable juices and combinations, basis No. 2's, as reported by the Department of Commerce.

Shipments by canners of tomato juice, tomato cocktail, and mixtures containing 70 per cent or more tomato juice in February, 1945, were 1,748,587 actual cases, equivalent to 1,963,000 cases basis No. 2's. Shipments of canned tomato juice in February, 1944, were 872,000 cases basis No. 2's and shipments of other canned vegetable juices and combinations totaled 87,000 cases basis No. 2's, according to the Department of Commerce.

The table shown below is based on reports from canners who canned about 87 per cent of the 1944 pack, together with estimates for those not reporting:

	Cans per case	Total civilian stocks Feb. 1, 1945	Mar. 1, 1945	Civilian shipments Feb. 1945
		Cases	*Cases*	*Cases*
No. 211 Cyl.	48	.....	.....	.....
No. 300	48	588	488	100
No. 1 Tall	48	5,179	4,747	432
No. 303 Cyl.	24	2,213	.....	2,213
No. 2	24	2,334,234	1,372,104	952,130
No. 2 Cyl.	24	30,819	24,737	6,082
No. 3 Cyl.	12	1,642,853	1,099,192	543,661
No. 10	6	534,087	319,561	214,526
Misc. tin	..	8,510	460	8,050
Glass	..	204,848	183,455	21,393
Total (actual cases)	..	4,753,331	3,004,744	1,748,587
Total (basis 24/2's)	..	5,369,000	3,406,000	1,963,000

WFA Takes More Canning Beef

Because facilities for additional canning are now available, the War Food Administration has increased the set-aside of Utility grade beef from steers, heifers and cows in the three Pacific Coast States, from 50 to 70 per cent. When the set-aside of Utility grade beef was increased on February 11 from 50 to 70 per cent for all States except California, Oregon and Washington, the exception was made because canning facilities in these three States were operating at capacity at that time.

The action, Amendment 20 to War Food Order 75.2, effective March 18, makes uniform in all States the requirement that packers operating under Federal inspection are required to set aside 70 per cent of the Utility grade beef for canning. They also are required to set aside 80 per cent of the Canner and Cutter grades for canning and to hold temporarily all their Choice, Good and Commercial grades, from which up to 60 per cent may be selected for government purchase.

Stocks of Canned Sweet Corn

Civilian stocks of sweet corn in canners' hands on March 1, 1945, as compiled by the Association's Division of Statistics, were 2,897,131 actual cases, equivalent to 2,723,000 cases of No. 2's, compared with 5,347,000 cases basis No. 2's on March 1, 1944, as reported by the Office of Price Administration.

Shipments by canners in February, 1945, were 1,028,830 actual cases equivalent to 927,000 cases basis No. 2's, compared with shipments of 1,733,000 basis No. 2's in February, 1944, as reported to the OPA.

The following table showing the civilian stocks on specified dates and the February, 1945, shipments, in actual cases, is based on reports from the canners who packed about 86 per cent of the sweet corn, together with estimates for those not reporting:

	Total civilian stocks Feb. 1, 1945	Mar. 1, 1945	Civilian shipments Feb., 1945
	Cases	*Cases*	*Cases*
Eastern States:			
Cream style—			
White	52,411	25,854	26,557
Golden	410,327	349,771	60,556
Whole grain—			
Golden	202,010	130,540	71,470
White	30,162	16,619	13,543
Western States:			
Cream style—			
White	286,380	167,127	119,253
Golden	1,113,977	807,448	306,529
Whole grain—			
Golden	1,783,078	1,374,156	408,922
White	47,616	25,616	22,000
Total Eastern	694,910	522,784	172,126
Total Western	3,231,051	2,374,347	856,704
Total U. S.	3,925,961	2,897,131	1,028,830

Stocks of Canned Peas

Total civilian stocks of canned peas in canners' hands on March 1, 1945, as compiled by the Association's Division of Statistics were 1,870,137 actual cases, equivalent to 1,900,000 cases basis No. 2's as compared with 4,667,000 cases basis No. 2's on March 1, 1944, as reported to the Office of Price Administration.

Shipments by canners in February, 1945, were 713,251 actual cases, equivalent to 747,000 cases basis No. 2's compared with 1,347,000 cases basis No. 2's in February of the preceding year, as reported to the OPA.

The following table, showing the civilian stocks of specified dates and civilian shipments in February, 1945, in actual cases, is based upon reports from canners who packed about 85 per cent of the 1944 pack, together with estimates for those not reporting:

	Total civilian stocks Feb. 1, 1945	Mar. 1, 1945	Civilian shipments Feb., 1945
	Cases	*Cases*	*Cases*
N. Y. and Me.:			
Alaskas	.....	.....	.....
Sweets	255,159	163,701	91,458
Mid-Atlantic:			
Alaskas	21,229	12,126	9,103
Sweets	19,522	14,987	4,535
Mid-West:			
Alaskas	531,546	360,870	170,676
Sweets	807,026	600,036	206,990
Western:			
Alaskas	51,281	19,274	32,007
Sweets	807,625	699,143	198,482
Total:			
Alaskas	604,056	392,270	211,786
Sweets	1,979,332	1,477,867	501,465

Wisconsin Experiment Station Makes Study of Pea Diseases

The results of an investigation directed toward a study of certain aspects of the three *Ascochyta* diseases of peas as they develop upon the Wisconsin pea crop are contained in a new bulletin published by the Agricultural Experiment Station at Madison, Wis., entitled "*Ascochyta* Diseases of Canning Pea," (Research Bulletin 150).

It is pointed out in this publication that the three organisms causing *Ascochyta* blights are closely related and that the symptoms of the diseases are often difficult to distinguish in the field. Three of the most important control measures indicated as a result of the survey made in 1942 apply equally well to all three diseases and consist of use of disease-free seed, rotation, and sanitation. All three species can infect the seed and may be carried to a new crop in that manner. All of these organisms can overwinter in pea refuse, so rotation should be a standard practice, and pea fields sholud be removed as far as possible from previous pea fields on the average Wisconsin farm.

It is also stated that one of the diseases survives the winter in the unensiled straw at the outer part of the pea-straw stacks at the viners, thus facilitating its spread. It is recommended that all of the straw, at least in the outer part of the stack where it is not ensiled, should be destroyed.

Although a number of strains and varieties of peas were tested in the field plot for resistance, no indication was found of any practical tolerance to the *Ascochyta* diseases. Since there is no immediate prospect of resistant varieties, the best methods of control appear to be disease-free seed, rotation, sanitation, and the separation of plantings of different maturity dates as far as possible.

California Marketing Agreement

The Federal marketing agreement and order regulating the handling of fresh Elberta peaches, plums and Bartlett pears grown in California, approved by a majority of growers voting in a recent referendum, will continue in effect, the War Food Administration announces.

As required by provisions of the agreement, growers voted in a biennial referendum late in January. Continuance of the program was favored by 92 per cent of the peach growers voting; 91 per cent of the plum growers; and 93 per cent of the pear growers.

The program operated in California in 1942, but no regulations were established in 1943 and 1944 because prices to growers were above parity. Operation of the program in 1945 also will depend upon grower prices.

Citrus Production in Jamaica

Production of citrus fruit in Jamaica, British West Indies, consists primarily of sweet oranges, grapefruit, and limes, and secondarily of lemons and tangerines. The 1944 citrus crop is roughly estimated at 800,000 boxes. This estimate does not include about 250,000 boxes of grapefruit produced by wild or semi-wild trees which were not considered of export type.

Production of citrus fruit in Jamaica is expected to increase by 15 per cent in 1945, and, because of largely increased plantings begun about five years ago, prospects are that production will continue to increase in succeeding years.

Citrus production in Jamaica formerly was derived almost entirely from scattered plantings frequently mixed in with other crops, but within the last decade there has been a strong trend toward orchard planting.

In the past few years Jamaica has been producing citrus pulp and fruit juice for export to Great Britain and Canada. In the first nine months of 1944, 29,318,861 pounds of citrus pulp and 103,775 gallons of fruit juice were exported.

Gas for Victory Gardeners

Extra gasoline rations will be issued Victory gardeners again this year for travel necessary to cultivate their gardens, the Office of Price Administration has announced. Applications will be accepted by local War Price and Ration Boards beginning March 26.

Conditions that the gardener must meet to qualify are virtually the same as the last two years, with an additional limitation that the garden must not be more than 15 miles from the gardener's home or place of work. Experience has shown that if the garden is located more than 15 miles from the ration holder's home or place of work he cannot normally attend to the garden twice each week during the gardening season. The Department of Agriculture believes that proper care of the garden calls for at least two visits a week.

Peach Marketing Agreement

With approval by 93 per cent of the Georgia peach growers voting in a recent referendum, the War Food Administration will continue in effect the Federal marketing agreement and order regulating the handling of fresh Georgia grown peaches. Under provisions of the agreement which require a biennial referendum, Georgia growers balloted during an 11-day period in January.

The program operated in Georgia in 1942, but no regulations were established in 1943 and 1944 because prices to growers were above parity. Operation of the program in 1945 also will depend upon grower prices.

Cabbage Pests May Destroy or Reduce Value of Cabbage Crop

Any of five major cabbage pests are capable, under favorable conditions, of reducing the value of a cabbage crop, if not ruining it entirely, according to the Sixty-second Annual Report of the New York State Agricultural Experiment Station at Geneva. The insects involved are three common species of cabbage leaf-eating caterpillars, the diamond back, the imported cabbage worm, and the cabbage looper, the cabbage thrips, and the cabbage aphid.

While not present in destructive numbers every season nor in every field, few seasons pass when at least one of the insects named above does not present a real problem. Parasites and fungus diseases hold the insects in check certain years so the effort is aimed at supplementing natural control by chemical treatment when the former is not sufficiently effective.

Experiments were made to determine the number of applications necessary for practical control and the proper time to apply them in relation to the development of insects and host plant. Large-scale experiments have indicated that sprays or dusts in which arsenicals are mixed with such contact insecticides as nicotone and rotenone are effective against these five species.

Green cabbage, from which the outer leaves are not trimmed, require formulas that will not give excessive residue toxic to man, whereas this precaution is not so important with kraut or storage cabbage where the outer leaves are removed at the time of harvest.

WFA Canned Tomatoes Offers

The War Food Administration is offering for sale to the original canner, 3,608 cases of 1942-pack canned tomatoes. The tomatoes, Standard grade, are packed six No. 10 cans to the case and are stored in San Francisco, Calif. The original canner will have until 5 p.m., EWT, March 31, to purchase the tomatoes.

CONGRESS

(Concluded from page 8557)

Res. 195) proposed by Representative Anderson of New Mexico to investigate the food situation, especially meat. It will be considered by the House next week.

The bill specifies a committee of seven members to be appointed by the Speaker. It authorizes and directs the committee to make a full and complete study and investigation into (a) shortages of food in the United States, its territories and possessions; (b) civilian meat supplies and particularly the government order effective April 1 to reduce such supplies 12 per cent; (c) all factors relating to the production and distribution of essential foodstuffs, particularly meat; (d) presence of black markets in all kinds of meat; (e) diversion of meat from normal, legitimate, commercial channels of trade.

The committee is authorized to sit and act during the present Congress at such times and places within the United States whether or not the House is in session, to require the attendance of witnesses and the production of books, correspondence, memoranda, papers and documents and to take testimony. Subpoenas may be issued over the signature of the Chairman and served by anyone he designates.

The Lemke resolution (H. J. Res. 29), authorizing a joint congressional committee to investigate alleged violations by draft boards of the Tydings amendment deferring farm labor was passed by the House on Monday and is assigned to the Senate Military Affairs committee.

The House Military Committee on Thursday approved Representative May's bill (H. R. 2625) extending the Selective Service Act without restrictions for another year or until the end of hostilities, whichever is first.

The House passed H. R. 2603 appropriating funds for the coming fiscal year for the Departments of State, Justice, Commerce, the Judiciary and the Federal Loan Agency.

In unusual procedure the House Appropriations committee reported out the bill (H. R. 2680), appropriating $833,801,932 for the Department of Agriculture and then secured a rule from the House Rules committee preventing congressmen from making points of order.

The appropriations bill contains a number of legislative provisions which the committee is anxious to keep intact and, as Congress has been questioning the propriety of writing legislation into appropriation bills and recently have been tossing legislative proposals out on points of order, the Committee asked for the rule.

During the week the President sent to Congress recommendations for $93,872,900 for the War Manpower Commission, which is an increase of $24,000,000 over the present year. Part of the increase is for the use of foreign labor, apprentice service and the extension of compliance activities of manpower stabilization programs.

Numerous bills to amend the Social Security Act were introduced during the few months of this session and apparently in view of this demand for modification or strengthening of the Act, the House Ways and Means Committee this week voted to make a sweeping study of the Act and agreed to join with the House Finance Committee in proposing a resolution authorizing the study and $50,000 to finance it.

At the same time, in view of their proposed plans, the Committee agreed to ask the House Rules Committee to take no action on Senator Vandenberg's bill (S. Con. Res. 3) to have the joint committee on Internal Revenue make the study.

A bill (H. R. 2652) to extend for three years the authority of the President to make trade agreements under section 350 of the Tariff Act of 1930 and to increase or decrease the rates of duty was introduced by Representative Doughton and referred to the House Committee on Ways and Means. Committee spokesmen said hearings would commence when the Committee had concluded the hearings on the Bretton Woods proposals.

Provisions to continue federal assistance in the maintenance and operation of lunch programs in schools and child-care centers is proposed in H. R. 2673 introduced by Representative Flannagan, chairman of the House Agriculture committee.

A straight-time hourly rate of 65 cents an hour is proposed by Senator Pepper as the minimum below which the National War Labor Board shall consider any wage substandard in a bill (S. Con. Res. 11), presented Monday.

Spray Kills Cranberry Rot

Cranberry growers in all areas where this crop suffers from field and storage fruit rots are in line to benefit from spraying experiments conducted by pathologists of the U. S. Department of Agriculture's research administration.

The common spray for control of these rots has long been bordeaux mixture, a fungicide that has frequently been unsatisfactory. A new spray material that has shown up well in tests is fermate (short for ferric dimethyl dithiocarbomate). It has proved to be much better than bordeaux, especially on seriously infected bogs, and promises to be useful in Massachusetts, New Jersey, and the Pacific Northwest. Wisconsin bogs have suffered little from these rots.

The results of these investigations have been published in USDA Circular 723, Control of Cranberry Fruit Rots by Spraying, which may be obtained free from the Office of Information, U. S. Department of Agriculture, Washington 25, D. C.

OPA Wants Wage Increase Data

Washington and Oregon canners and freezers have been requested by the Office of Price Administration to complete and file OPA Form No. 633-2212 in order to provide the pricing agency with certain cost data concerning the effect of wage increases on the prices of processed fruits and vegetables packed in the two Pacific Northwest States. Copies of the forms were mailed by the OPA Wednesday to all canners and freezers in these States, and OPA is urging canners and freezers in the affected States who have had wage increases ordered under directives of the War Labor Board, to send in the desired information as early as possible.

Processors who failed to receive the necessary forms from OPA may secure them by writing to the Processed Fruits and Vegetables Section, Food Price Division, Office of Price Administration, Washington, D. C.

Canned Evaporated Milk Offers

The War Food Administration is re-offering for sale, on a competitive bid basis, approximately 100,000 cases of 1942-pack evaporated milk. This is the balance of a larger amount previously offered at a specified price. The milk, packed 48 14½-ounce cans to the case, will be sold for industrial use only.

Canning Industry Honored

The canning industry will be recognized in a radio program over the Mutual Network, April 1, at 9 p. m. The program, which will be entitled "Salute to the Canning Industry," is a phase of a weekly broadcast sponsored by the Allegheny Ludlum Steel Corporation and known as "Steel Horizons."

Material for the program was prepared by C. A. Greenleaf, assistant director of the Association's Washington Laboratory.

BAE to Make New Surveys of Farm Wages and Wage Rates

In recognition of the need for more information relating to farm labor problems, Congress has provided funds to the Bureau of Agricultural Economics to expand its collection of data on wages and wage rates of farm laborers throughout the country. The expanded program will include enumerative national surveys of wage rates paid regular and seasonal hired farm workers on a sample of approximately 20,000 farms, surveys of seasonal wage rates paid for harvest operations in selected special crop areas, and additional mailed questionnaire surveys to provide new types of farm wage information by States.

Surveys are already under way in Florida, Texas, and California of wage rates and wages paid workers for the major harvest operation of special crops in important production areas. Since many of these jobs are paid at piece rates, information is also being obtained on length of time worked in order to know how much workers really earn per hour or per day at specified rates. By obtaining data for individual workers, new information will be available on the differences in wage rates and performance between different types of workers, and on the percentage of workers receiving specified levels of wages for a given operation.

Farmers in one locality need to know not only about wage rates there, but also about rates and wages in other areas that grow the same product or use the same workers. The results of the wage surveys in the special crop areas will be summarized each month in the *Farm Labor Report*, BAE said. Preliminary results from surveys made in Florida on the wage rates and earnings of citrus fruit pickers and strawberry pickers during February are published in the March issue of the *Farm Labor Report*.

Navy Films Available

The Industrial Incentive Division of the Navy Department is making available six new films, in either 16 mm. or 35 mm. size, for exhibition to audiences concerned with war production. Titles of the films are "Target Japan," "Pacific Firepower," "Stepping Stones to Tokyo," "Wings Over Leyte," "Fortress Japan," and "Attack-Counterattack."

The reels vary in length from 11 to 18 minutes. A minimum charge of $1.00 for three reels or less in any one shipment is allowed the distributor to cover cost of handling, insurance and maintenance. The names and addresses of film depositories in the various States, as well as brief descriptions of the films, may be obtained from the Industrial Incentive Division of the Navy Department, Washington, D. C.

Pamphlet on Grade Labeling

The National Publishers Association has just published a 98-page pamphlet entitled "Grade Labeling and the Consumer—An Informative Study."

As the title indicates, it is devoted almost entirely to the subject of grade labeling, without going into the merits of the program for standardized descriptive labeling. The pamphlet contains extensive quotations from grade labeling literature, which it analyzes as to fact, meaning, and aim, and as a reference book is to be commended for its thoroughness.

The pamphlet reflects the views of those who are of the opinion that mandatory grade labeling would be disadvantageous alike to the consumer and to industry and trade.

Copies of this pamphlet may be obtained by writing to the National Publishers Association, 232 Madison Avenue, New York City.

Five-day Week Condemned

Operation of produce markets on a five-day instead of a six-day week basis has been condemned by Col. J. Monroe Johnson, of the Office of Defense Transportation, as wasteful of the country's critically limited supply of refrigerator cars. The recent signing of a new union contract specifying five-day-week operations the year round in the New York Wholesale Produce Market was "very disappointing," Colonel Johnson wrote Mayor Fiorello H. LaGuardia, of New York. He said that action will make it necessary for the ODT to reduce the number of cars going to New York.

Similar action is contemplated in the case of the Chicago Produce Market. Colonel Johnson said in a letter to the Chicago Market Association, "if a produce market is going to operate on a five-day week, it will be permitted to have only five-sixths as many cars as it would receive if working on a six-day week."

U. S. May Get Fishing Areas

The United States will annex the fishing areas around the Aleutians and around other islands off the coast of Alaska, if plans of U. S. Senators Warren Magnuson and Hugh Mitchell are accepted. Both Senators, after a conference with Secretary of Interior Harold L. Ickes, said that Mr. Ickes had agreed to recommend the annexation of the fishing areas to President Roosevelt.

The fishing areas around the Aleutians are regarded as among the great fishing grounds of the world. Prior to the war, Japanese fishermen made large catches of giant king crab, halibut, cod, and sole in these areas.

WFA Canned Food Purchases Listed for Two-month Period

The cost of canned foods purchased by the War Food Administration for Lend-lease, Territorial emergency, Red Cross and other purposes during the period January 1 through February 28, 1945, totaled $49,044,033. From a statement of these purchases, the following table has been compiled showing quantities and the f.o.b. cost of the canned food products bought during the two-month period:

Products	Quantity	Cost
Canned fruits:	*Cases*	
Apricots (syrup pack)	14,712	$65,413
Peaches (pie pack)	35,300	136,616
Peaches (syrup pack)	3,901	18,742
Pears (syrup pack)	21,025	117,153
Prunes (syrup pack)	14,916	38,276
Canned vegetables:		
Beans, green	33,468	101,625
Beets	109,729	399,369
Carrots	181,036	372,611
Peas	86,053	246,119
Potatoes, white	250,000	740,913
Sauerkraut	300	720
Soybeans	100,000	171,200
Tomatoes	18,521	55,039
Tomato paste	126,043	669,780
Canned fish:		
Flaked fish	4,585	58,538
Herring	2,136	10,369
Mackerel	86,387	445,849
Pilchards	408,177	1,912,862
Salmon	370,274	3,801,336
Sardines	58,539	253,989
Miscellaneous:		
Chow-Chow	8,400	54,075
Pickles	7,200	40,569
Relish	2,400	16,320
Milk:		
Condensed	723,000	4,677,830
Evaporated	2,426,693	9,923,261
Canned meats:	*Pounds*	
Beef	23,019,059	$8,253,082
Meat food products and rations	488,014	81,468
Pork	47,607,870	16,380,049

Pea Beans Allotted Canners

The War Food Administration is making limited quantities of pea beans available to canners who have government contracts for canned pork and beans, army rations and meat and vegetable stews. The beans are being allocated to those canners who have not been able to obtain their requirements from regular trade sources, and are being distributed in proportion to each canner's government contracts.